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1st Session }

SENATE

{ REPORT
105-137

EXTENSION OF HYDROELECTRIC PROJECT LOCATED IN THE STATE OF WASHINGTON

NOVEMBER 4, 1997.—Ordered to be printed

Mr. MURKOWSKI, from the Committee on Energy and Natural
Resources, submitted the following

REPORT

[To accompany H.R. 1217]

The Committee on Energy and Natural Resources, to which was referred the Act (H.R. 1217) to extend the deadline under the Federal Power Act for the construction of a hydroelectric project located in the State of Washington, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the Act do pass.

PURPOSE OF THE MEASURE

The purpose of H.R. 1217 is to extend the deadline contained in the Federal Power Act for the commencement of construction of a FERC-licensed hydroelectric project (project number 10359) located in the State of Washington.

BACKGROUND AND NEED

Section 13 of the Federal Power Act requires a licensee to commence the construction of a hydroelectric project within two years of the date of the issuance of the license. That deadline can be extended by the FERC one time for as much as two additional years. If construction has not commenced at the end of the time period, the license is terminated by the FERC. Thus, in the absence of this legislation, the FERC would terminate the license at the end of the time period authorized under the Federal Power Act for commencement of construction.

H.R. 1217 would extend the time required to complete construction of hydroelectric project numbered 10359 until May 4, 2004.

This project has spent about \$5 million on project development. However, construction was suspended because the sponsor has not been able to secure a power purchase agreement to support additional financing of construction.

It is very difficult for a hydroelectric project sponsor to secure financing until it has a power sales contract, and generally a licensee cannot secure a contract until it has been granted a license. This extension provides the project additional time to secure a contract and financing and to complete construction.

LEGISLATIVE HISTORY

H.R. 1217 was passed by the House on June 10, 1997. A hearing was held by the Subcommittee on Water and Power on October 7, 1997.

COMMITTEE RECOMMENDATION AND TABULATION OF VOTES

The Senate Committee on Energy and Natural Resources, in open business session on October 22, 1997, by a voice vote with a quorum present, recommends that the Senate pass the bill without amendment.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 24, 1997.

Hon. FRANK H. MURKOWSKI,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1217, an act to extend the deadline under the Federal Power Act for the construction of a hydroelectric project located in the State of Washington, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact for this estimate is Kim Cawley.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 1217—An act to extend the deadline under the Federal Power Act for the construction of a hydroelectric project located in the State of Washington, and for other purposes

CBO estimates that enacting H.R. 1217 would have no net effect on the federal budget. The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded

Mandates Reform Act of 1995 and would not affect the budgets of state, local, or tribal governments.

H.R. 1217 would extend until May 4, 2004, the deadline for construction of a hydroelectric project currently subject to licensing by the Federal Energy Regulatory Commission (FERC). The proposed extension is for FERC project number 10359. This provision may have a minor impact on FERC's workload. Because FERC recovers 100 percent of its costs through user fees, any change in its administrative costs would be offset by an equal change in the fees that the commission charges. Hence the provisions would have no net budgetary impact.

Because FERC's administrative costs are limited in annual appropriations, enactment of this legislation would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply.

The CBO staff contact for this estimate is Kim Cawley. This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out this measure.

The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the provisions of the bill. Therefore, there would be no impact on personal privacy.

Little, if any additional paperwork would result from the enactment of this measure.

EXECUTIVE COMMUNICATIONS

The pertinent communications received by the Committee from the Federal Energy Regulatory Commission setting forth Executive agency relating to this measure are set forth below:

STATEMENT OF KRISTINA NYGAARD, ASSISTANT GENERAL COUNSEL, HYDROELECTRIC LICENSING, FEDERAL ENERGY REGULATORY COMMISSION

Mr. Chairman and Members of the Subcommittee: My name is Kristina Nygaard, and I am Assistant General Counsel for Hydroelectric Licensing at the Federal Energy Regulatory Commission. I am appearing before you as a Commission staff witness and do not speak for individual members of the Commission.

Thank you for the opportunity to be here today to comment on a bill affecting the Federal Energy Regulatory Commission's regulation of non-federal hydropower projects pursuant to Part I of the Federal Power Act and related statutes.

H.R. 1217 would extend the non-statutory deadline for the completion of construction of a licensed project.

H.R. 1217: EXTENDING DEADLINE TO COMPLETE PROJECT
CONSTRUCTION

The project in question is the 7.5-megawatt Youngs Creek Project (FERC No. 10359), to be located in Snohomish County, Washington. The project was licensed in 1992, and construction was timely commenced, but most of the construction remains to be done. The Commission has extended the original deadline for completion of construction to May 1998. H.R. 1217 would require the Commission, upon the request of the licensee, to extend the completion deadline to May 2004.

We have no specific objection to this bill. Attached to my testimony are detailed comments about the bill and the project it concerns.

APPENDIX TO STATEMENT OF KRISTINA NYGAARD

H.R. 1217 (MR. METCALF)

H.R. 1217 would require the Commission, upon the request of the licensee for Project No. 10359, to extend for two years the current Commission deadline for completion of project construction.

Project No. 10359

On May 5, 1992, the Commission issued a license to Snoqualmie River Hydro to construct, operate, and maintain the 7.5-megawatt Youngs Creek Project No. 10359, to be located in Snohomish County, Washington. The licensee timely commenced project construction. The original deadline for completion of project construction, May 4, 1996, was extended to May 4, 1998. To date, the only construction that has taken place is completion of an access road and the clearing of a right-of-way for the penstock.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law are made by H.R. 1217, as ordered reported.